

**REPORT OF THE AUDIT OF THE  
ANDERSON COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2002**



**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE ANDERSON COUNTY FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2002**

The Auditor of Public Accounts has completed the Anderson County Fiscal Court audit for fiscal year ended June 30, 2002. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

#### **Financial Condition:**

Fund balances decreased by \$ 463,223 from the beginning of the year, resulting in a cash surplus of \$ 709,352 as of June 30, 2002.

#### **Debt Obligations:**

Capital lease principal agreements totaled \$ 2,181,000 as of June 30, 2002. Future collections of \$3,274,542 are needed to meet these obligations.

#### **Deposits:**

The fiscal court's deposits were insured and collateralized by bank securities or bonds.



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**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Paul E. Patton, Governor

Gordon C. Duke, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Anthony D. Stratton, Anderson County Judge/Executive

Members of the Anderson County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Anderson County, Kentucky, as of June 30, 2002, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Anderson County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Anderson County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising primarily from cash transactions as of June 30, 2002 of Anderson County, Kentucky, and the revenues received and expenditures paid for the year then ended, in conformity with the modified cash basis of accounting.



To the People of Kentucky  
Honorable Paul E. Patton, Governor  
Gordon C. Duke, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Anthony D. Stratton, Anderson County Judge/Executive  
Members of the Anderson County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated June 11, 2003 on our consideration of Anderson County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Anderson County, Kentucky. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 11, 2003



ANDERSON COUNTY OFFICIALS

For The Fiscal Year Ended June 30, 2002

**Fiscal Court Members:**

Anthony D. Stratton	County Judge/Executive
Randy Peyton	Magistrate
Hubert Shields	Magistrate
Bobby Peach	Magistrate
Alton Warford	Magistrate
Larry Smith	Magistrate
Betty Barnett	Magistrate

**Other Elected Officials:**

Betty Springate	County Attorney
Joani Clark	Jailer
Harold Ritchey	County Clerk
Jan Rogers	Circuit Court Clerk
Jim Evans	Sheriff
Margaret Woodside	Property Valuation Administrator
Brian Ritchie	Coroner

**Appointed Personnel:**

W. Dudley Shryock	County Treasurer
Heather Hardin	Finance Officer
Danny Fuqua	Road Supervisor
Todd Sparrow	911 Administrator



STATEMENT OF ASSETS, LIABILITIES,  
AND EQUITY ARISING FROM CASH TRANSACTIONS

ANDERSON COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND EQUITY ARISING FROM CASH TRANSACTIONS

June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Capital Projects	Debt Service
<u>Assets and Other Resources</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 287,533	\$ 107,827	\$ 318,371	\$ 1,867
Total Assets	\$ 287,533	\$ 107,827	\$ 318,371	\$ 1,867
<u>Other Resources</u>				
Amounts to Be Provided In Future Years for:				
Capital Lease	\$ 920,000	\$	\$	\$ 1,261,000
Total Other Resources	\$ 920,000	\$ 0	\$ 0	\$ 1,261,000
Total Assets and Other Resources	\$ 1,207,533	\$ 107,827	\$ 318,371	\$ 1,262,867

The accompanying notes are an integral part of the financial statements.

ANDERSON COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND EQUITY ARISING FROM CASH TRANSACTIONS  
June 30, 2002  
(Continued)

Totals  
(Memorandum  
Only)  
Primary  
Government

\$ 715,598

\$ 715,598

\$ 2,181,000

\$ 2,181,000

\$ 2,896,598

The accompanying notes are an integral part of the financial statements.

ANDERSON COUNTY  
 STATEMENT OF ASSETS, LIABILITIES, AND EQUITY  
 ARISING FROM CASH TRANSACTIONS  
 June 30, 2002  
 (Continued)

	<u>General</u>	<u>Revenue</u>	<u>Projects</u>	<u>Service</u>
<u>Liabilities and Equity</u>				
<u>Liabilities</u>				
Capital Lease	\$ 920,000	\$	\$	\$ 1,261,000
Payroll Revolving Account	<u>6,246</u>	<u></u>	<u></u>	<u></u>
Total Liabilities	<u>\$ 926,246</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,261,000</u>
<u>Equity</u>				
Fund Balances:				
Unreserved	<u>\$ 281,287</u>	<u>\$ 107,827</u>	<u>\$ 318,371</u>	<u>\$ 1,867</u>
Total Equity	<u>\$ 281,287</u>	<u>\$ 107,827</u>	<u>\$ 318,371</u>	<u>\$ 1,867</u>
Total Liabilities and Equity	<u><u>\$ 1,207,533</u></u>	<u><u>\$ 107,827</u></u>	<u><u>\$ 318,371</u></u>	<u><u>\$ 1,262,867</u></u>

The accompanying notes are an integral part of the financial statements.

ANDERSON COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND EQUITY ARISING FROM CASH TRANSACTIONS  
June 30, 2002  
(Continued)

Totals  
(Memorandum  
Only)  
Primary  
Government

\$ 2,181,000  
6,246

\$ 2,187,246

\$ 709,352

\$ 709,352

\$ 2,896,598

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

ANDERSON COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

For The Fiscal Year Ended June 30, 2002

	General Fund Type			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 6,055,119	\$ 3,087,344	\$ 958,782	\$ 108,825
Other Financing Sources:				
Transfers In	510,693			250,000
Borrowed Money	78,478			
Kentucky Advance Revenue Program	430,100	430,100		
Total Cash Receipts	<u>\$ 7,074,390</u>	<u>\$ 3,517,444</u>	<u>\$ 958,782</u>	<u>\$ 358,825</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 5,849,475	\$ 2,844,291	\$ 1,008,449	\$ 441,756
Other Financing Uses:				
Schedule of Unbudgeted Expenditures	747,345			
Transfers Out	510,693	172,273		
Kentucky Advance Revenue Program Repaid	430,100	430,100		
Total Cash Disbursements	<u>\$ 7,537,613</u>	<u>\$ 3,446,664</u>	<u>\$ 1,008,449</u>	<u>\$ 441,756</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (463,223)	\$ 70,780	\$ (49,667)	\$ (82,931)
Cash Balance - July 1, 2001*	<u>1,172,575</u>	<u>37,152</u>	<u>57,924</u>	<u>145,035</u>
Cash Balance - June 30, 2002*	<u><u>\$ 709,352</u></u>	<u><u>\$ 107,932</u></u>	<u><u>\$ 8,257</u></u>	<u><u>\$ 62,104</u></u>

\* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statement.

ANDERSON COUNTY  
 STATEMENT OF CASH RECEIPTS,  
 CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES  
 For The Fiscal Year Ended June 30, 2002  
 (Continued)

General Fund Type			Special Revenue Fund Type
Local Government Economic Assistance Fund	Escrow Fund	Court Fine Fund	E-911 Fund
\$ 57,697	\$ 54,088	\$ 39,604	\$ 72,970
20,386	164,871 78,478	75,436	
<u>\$ 78,083</u>	<u>\$ 297,437</u>	<u>\$ 115,040</u>	<u>\$ 72,970</u>
\$ 96,218	\$ 266,741	\$ 151,232	\$ 23,091
	645,875		
<u>\$ 96,218</u>	<u>\$ 912,616</u>	<u>\$ 151,232</u>	<u>\$ 23,091</u>
\$ (18,135)	\$ (615,179)	\$ (36,192)	\$ 49,879
19,817	716,491	36,192	57,948
<u>\$ 1,682</u>	<u>\$ 101,312</u>	<u>\$ 0</u>	<u>\$ 107,827</u>

The accompanying notes are an integral part of the financial statement.

ANDERSON COUNTY  
 STATEMENT OF CASH RECEIPTS,  
 CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES  
 For The Fiscal Year Ended June 30, 2002  
 (Continued)

	Capital Projects Fund Type			Debt Service Fund Type
	Capital Outlay Fund	CDBG Fund	Park Land Acquisition Company	AOC Escrow Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 644,051	\$ 943,697	\$ 6,500	\$ 81,561
Other Financing Sources:				
Transfers In				
Borrowed Money				
Kentucky Advance Revenue Program				
Total Cash Receipts	<u>\$ 644,051</u>	<u>\$ 943,697</u>	<u>\$ 6,500</u>	<u>\$ 81,561</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 74,000	\$ 943,697	\$	\$
Other Financing Uses:				
Schedule of Unbudgeted Expenditures			20,296	81,174
Transfers Out	338,420			
Kentucky Advance Revenue Program Repaid				
Total Cash Disbursements	<u>\$ 412,420</u>	<u>\$ 943,697</u>	<u>\$ 20,296</u>	<u>\$ 81,174</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 231,631	\$	\$ (13,796)	\$ 387
Cash Balance - July 1, 2001*	<u>76,454</u>		<u>24,082</u>	<u>1,480</u>
Cash Balance - June 30, 2002*	<u>\$ 308,085</u>	<u>\$ 0</u>	<u>\$ 10,286</u>	<u>\$ 1,867</u>

\* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statement.

ANDERSON COUNTY  
NOTES TO FINANCIAL STATEMENTS

June 30, 2002

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Anderson County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, management has included the Anderson County Park Land Acquisition Company as part of the reporting entity.

The Anderson County Park Land Acquisition Company is established for the purpose of acquiring and developing land for an Anderson County Park. The Anderson County Fiscal Court is financially accountable for the component unit; therefore, management must include the component unit as part of the reporting entity and its financial activity is blended with that of the Fiscal Court.

Additional - Anderson County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Anderson County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Anderson County Fiscal Court's fund types, a definition of each, and county funds included within each fund type are listed below.

ANDERSON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Anderson County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund (LGEA), Escrow Fund, and the Court Fine Fund.

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The E-911 Fund of the Fiscal Court is reported as a Special Revenue Fund Type.

3) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and includes funds for the AOC Escrow Fund. This Fund was established to hold money deposited by the Administrative Office of the Courts (AOC) to provide for their portion of the debt service obligation for the courthouse renovation as agreed upon in a sublease agreement with the county. A third party trustee, Bank One, holds this fund. AOC deposits the biannual required amount, and then the trustee makes the debt service payments directly to Kentucky Association of Counties Leasing Trust (KACOLT). The county pays KACOLT for the remainder of the debt service requirement out of the General Fund.

4) Capital Projects Fund Type

Capital Projects Fund Type accounts for financial resources to be used for acquisition of major capital facilities. The Capital Outlay Fund, CDBG, and the Park Land Acquisition Fund of the Fiscal Court are reported as Capital Projects Fund Types.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

ANDERSON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Legal Compliance - Budget

The Anderson County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Park Land Acquisition Company Fund and the AOC Escrow Fund because bond indentures and other relevant contractual provisions require specific payments to and from these funds annually and transfers are budgeted in the General Fund Type to comply with these requirements. Park improvement project in the Escrow fund is overseen by a third party trustee and therefore not formally budgeted. Expenditures are presented on the enclosed "Statement of Unbudgeted Expenditures". The Department for Local Government does not require these funds to be budgeted.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.41 percent. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.28 percent.

ANDERSON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002  
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2002, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

Note 4. Capital Lease Agreements

A. Courthouse Annex

Anderson County entered into a \$1,448,000 capital lease agreement on June 24, 1997, with the Kentucky Association of Counties Leasing Trust for the construction of a courthouse annex. The agreement requires monthly interest payments and an annual principal payment due each January 20<sup>th</sup>. The effective interest rate is 5.03 percent, and the agreement is to be paid in full by January 20, 2017. The following schedule indicates principal and interest payments according to the original lease agreement. The outstanding principal balance was \$1,261,000 as of June 30, 2002.

<u>Fiscal Year Due</u>	<u>Interest</u>	<u>Principal</u>
2003	\$ 74,659	\$ 53,000
2004	71,390	56,000
2005	67,965	58,000
2006	64,394	61,000
2007	60,618	65,000
2008-2012	232,158	426,000
2013-2017	87,569	542,000
Totals	<u>\$ 658,753</u>	<u>\$ 1,261,000</u>



ANDERSON COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2002  
 (Continued)

Note 4. Capital Lease Agreements (Continued)

A. Courthouse Annex (Continued)

Anderson County subsequently entered into a sublease agreement with the Administrative Office of the Courts (AOC) on June 24, 1997, for use of the courthouse annex as court facilities. The agreement states the AOC will deposit the agreed upon use allowance payments into a sinking fund until applied by the Trustee to the payment owed by the County under the original lease agreement. The AOC may renew this sublease agreement on July 1 of each even numbered year for another biennial period of two years.

B. Anderson County Park Project

Anderson County entered into a \$950,000 capital lease agreement on June 18, 2001, with the Kentucky Association of Counties Leasing Trust for the completion of the Anderson County Park project. The agreement requires monthly interest payments and an annual principal payment due each January 20<sup>th</sup>. The effective interest rate is 4.38 percent, and the agreement is to be paid in full by January 20, 2021. The following schedule indicates the required principal and interest payments according to the original lease agreement. The outstanding principal balance was \$920,000 as of June 30, 2002.

<u>Fiscal Year Due</u>	<u>Interest</u>	<u>Principal</u>
2003	\$ 48,837	\$ 30,000
2004	47,110	35,000
2005	45,227	35,000
2006	43,343	35,000
2007	41,348	40,000
2008-2012	173,306	215,000
2013-2017	108,840	270,000
2018-2021	29,957	260,000
Totals	<u>\$ 537,968</u>	<u>\$ 920,000</u>

Note 5. Lease-Purchase Agreements

The county has entered into the following lease-purchase agreements:

<u>Description</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Front-End Loader and Trailer	June 18, 2001	June 20, 2003	4%	\$ 75,000

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COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE



ANDERSON COUNTY  
COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE

For The Fiscal Year Ended June 30, 2002

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 3,111,156	\$ 3,087,344	\$ (23,812)
Road and Bridge Fund	842,178	958,782	116,604
Jail Fund	94,868	108,825	13,957
Local Government Economic Assistance Fund	68,710	57,697	(11,013)
Escrow Fund	69,580	54,088	(15,492)
Court Fine Fund	35,754	39,604	3,850
<u>Special Revenue Fund Type</u>			
E-911 Fund		72,970	72,970
<u>Capital Projects Fund Type</u>			
Capital Outlay Fund	553,000	644,051	91,051
CDBG Fund	931,947	943,697	11,750
Park Land Acquisition Company Fund		6,500	6,500
Totals	<u>\$ 5,707,193</u>	<u>\$ 5,973,558</u>	<u>\$ 266,365</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 5,707,193
Add: Budgeted Prior Year Surplus			<u>375,560</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 6,082,753</u>

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SCHEDULE OF OPERATING REVENUE





ANDERSON COUNTY  
SCHEDULE OF OPERATING REVENUE

For The Fiscal Year Ended June 30, 2002

Revenue Categories	GOVERNMENTAL FUND TYPE				
	Totals (Memorandum Only)	General Fund Type	Special Revenue Fund Type	Capital Projects Fund Type	Debt Service Fund Type
Taxes	\$ 1,937,840	\$ 1,316,509	\$	\$ 621,331	\$
Excess Fees	158,569	158,569			
Licenses and Permits	106,725	85,782		20,943	
Intergovernmental Revenues	2,681,101	1,583,302	72,970	943,697	81,132
Charges for Services	1,072,715	1,072,715			
Miscellaneous Revenues	77,528	71,359		6,169	
Interest Earned	20,641	18,104		2,108	429
Total Operating Revenue	<u>\$ 6,055,119</u>	<u>\$ 4,306,340</u>	<u>\$ 72,970</u>	<u>\$ 1,594,248</u>	<u>\$ 81,561</u>

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COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES



ANDERSON COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES

For The Fiscal Year Ended June 30, 2002

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 642,551	\$ 873,025	\$ (230,474)
Protection to Persons and Property	1,437,606	1,603,043	(165,437)
General Health and Sanitation	93,089	106,618	(13,529)
Social Services	25,575	23,190	2,385
Recreation and Culture	294,186	433,039	(138,853)
Roads	1,084,738	1,063,369	21,369
Debt Service	75,250	82,373	(7,123)
Capital Projects	350,000		350,000
Administration	1,073,811	624,090	449,721
Total Operating Budget - General Fund Type	\$ 5,076,806	\$ 4,808,747	\$ 268,059
Other Financing Uses: Borrowed Money- Kentucky Advanced Revenue Program - Principal	550,000	430,100	119,900
TOTAL BUDGET - GENERAL FUND TYPE	<u>\$ 5,626,806</u>	<u>\$ 5,238,847</u>	<u>\$ 387,959</u>

Expenditure Categories	SPECIAL REVENUE FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
Protection to Persons and Property		<u>\$ 23,091</u>	<u>\$ (23,091)</u>

ANDERSON COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 For The Fiscal Year Ended June 30, 2002  
 (Continued)

CAPITAL PROJECTS FUND TYPE			
Expenditure Categories	Final Budget	Budgeted Expenditures	Under (Over) Budget
Recreation and Culture	\$ 74,000	\$ 74,000	
Capital Projects	931,947	943,697	(11,750)
TOTAL BUDGET - CAPITAL PROJECTS FUND TYPE	<u>\$ 1,005,947</u>	<u>\$ 1,017,697</u>	<u>\$ (11,750)</u>

SCHEDULE OF UNBUDGETED EXPENDITURES





ANDERSON COUNTY  
SCHEDULE OF UNBUDGETED EXPENDITURES

For The Fiscal Year Ended June 30, 2002

<u>Expenditure Items</u>	<u>Park Land Acquisition Company</u>	<u>AOC Escrow Fund</u>	<u>Escrow Fund</u>
Park Improvements	\$ 15,103	\$	\$ 645,875
Corporation Fees	4		
Cultural Program	5,189		
Debt Service Payments to KACO		81,132	
Bank Fees		42	
	<hr/>	<hr/>	<hr/>
Totals	<u>\$ 20,296</u>	<u>\$ 81,174</u>	<u>\$ 645,875</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Paul E. Patton, Governor  
Gordon C. Duke, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Anthony D. Stratton, Anderson County Judge/Executive  
Members of the Anderson County Fiscal Court

**Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of Anderson County, Kentucky, as of and for the year ended June 30, 2002, and have issued our report thereon dated June 11, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Anderson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Anderson County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and the federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 11, 2003

REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133







**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Paul E. Patton, Governor  
Gordon C. Duke, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Anthony D. Stratton, Anderson County Judge/Executive  
Members of the Anderson County Fiscal Court

**Report On Compliance With Requirements  
Applicable To Each Major Program And On Internal Control  
Over Compliance In Accordance With OMB Circular A-133**

Compliance

We have audited the compliance of Anderson County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2002. Anderson County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Anderson County's management. Our responsibility is to express an opinion on Anderson County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Anderson County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Anderson County's compliance with those requirements.

In our opinion, Anderson County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.



Report On Compliance With Requirements  
Applicable To Each Major Program And On Internal Control  
Over Compliance In Accordance With OMB Circular A-133  
(Continued)

Internal Control Over Compliance

The management of Anderson County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Anderson County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than the specified parties.

Respectfully submitted,



Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 11, 2003

ANDERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Fiscal Year Ended June 30, 2002

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Anderson County.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Anderson County were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal awards programs for Anderson County expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards programs for Anderson County reported in Part C of this schedule.  
The program tested as a major program was: State Administered Small Cities Program.
7. The threshold for distinguishing Type A and B programs was \$300,000.
8. Anderson County was determined not to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

None.

NONCOMPLIANCES

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM  
AUDIT

None.

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS



ANDERSON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Fiscal Year Ended June 30, 2002

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
Cash Programs:		
U.S. Department of Housing and <u>Urban Development</u>		
Passed-Through State Department for Local Government:		
Community Development Block Grants- State Administered Small Cities Program CFDA #14.228	B-96-DC-21-0001	<u>\$ 943,697</u>

ANDERSON COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Fiscal Year Ended June 30, 2002

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Anderson County, Kentucky and is presented on the modified cash basis of accounting, the information in the schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local, Governments, and Non-Profit Organizations.



CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

ANDERSON COUNTY FISCAL COURT

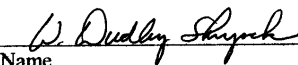
For The Fiscal Year Ended  
June 30, 2002

**CERTIFICATION OF COMPLIANCE**  
**LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**  
**ANDERSON COUNTY FISCAL COURT**

For The Fiscal Year Ended June 30, 2002

The Anderson County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Fund was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

  
\_\_\_\_\_  
Name  
County Judge/Executive

  
\_\_\_\_\_  
Name  
County Treasurer

